WRITTEN ANSWERS TO STARRED QUESTIONS

Report on improvement of banking system

*221. SHRI SANJAY RAUT: Will the Minister of FINANCE be pleased to state:

(a) whether Government have received any study report for improving the Nationalised banking system in the country;

(b) if so, the details thereof and indicating the salient features thereof;

(c) whether this report has suggested any measures for reducing interest rates of Nationalised banks; and

(d) if so, the details thereof and Government's reaction thereto?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) to (d) No, Sir. No Committee/Working Group has been set-up by the Government in the recent past specifically for suggesting measures to improve the nationalised banking system in the country. However, to improve the health of the banking sector in India in general and that of Public Sector Banks in particular and also to bring it at par with the international standards, the Reserve Bank of India has prescribed measures for strengthening of prudential supervision coupled with wide ranging steps undertaken by the Government. After initiation of reforms in early 1990s, financial performance of the banking sector in general and public sector banks in particular, has improved significantly. Balance sheet and profitability indicators *viz.* Return on Assets, Net Interest Margin, NPA Ratios Provisioning and Classification norms for NPAs, Capital Adequacy Ratio etc. suggest that the Indian banking sector now compares well with global benchmarks. To facilitate quick and efficient decision-making and to provide Bank Boards sufficient managerial autonomy to be able to compete internationally, Government has announced an Autonomy Package on 22.02.2005 for the public sector banks.

Loans to small workers

†*222. SHRI MOTILAL VORA: Will the Minister of FINANCE be pleased to state:

(a) whether he has asked all the banks to provide loans to ten small workers every year at nominal rate of interest;

(b) if so, the steps taken by Government to ensure that such loans are provided by banks;

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†Original notice of the question was received in Hindi.